

ABAQULUSI MUNICIPALITY

Vryheid

ANNUAL FINANCIAL STATEMENTS

for the period

1 July 2004 till 30 June 2005

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GENERAL INFORMATION

GENERAL INFORMATION

MEMBERS OF COUNCIL :

- | | | | |
|----|---------------------------------|---------------------|-------------|
| 1. | Councillor G M Nxele | Mayor | EXCO |
| 2. | Councillor E J S Moolman | Deputy Mayor | EXCO |
| 3. | Councillor S B Dlodlo | Speaker | EXCO |

4. Councillor W F Burger	5. Councillor J Z Buthelezi
6. Councillor N P Buthelezi	7. Councillor S M Buthelezi
8. Councillor S Z Buthelezi - EXCO	9. Councillor M Dlamini
10. Councillor H E Heyns - EXCO	11. Councillor G Nkohla
12. Councillor N M Khumalo	13. Councillor M B Khumalo - EXCO
14. Councillor J G Kilian	15. Councillor NA Kunene
16. Councillor M A Mavuso	17. Councilor V C Mtshali
18. Councillor T M Nxumalo	19. Councillor A Mhlongo
20. Councillor R B Mhlungu	21. Councillor M A Xulu
22. Councillor N P Ndlela	23. Councillor H Nkabinde
24. Councillor Qwabe S E - EXCO	25. Councillor O Ramoikatso
26. Councillor B A Mtshali	27. Councillor S M E Mtshali
28. Councillor S M Shabangu	29. Councillor R Steenkamp
30. Councillor E M Stegen	31. Councillor T E Vilakazi
32. Councillor B V A Xhakaza	33. Councillor B L Zwane - EXCO

GRADING OF LOCAL AUTHORITY

Grade 8

AUDITORS

Auditor -General

BANKERS

ABSA Bank, Vryheid

REGISTERED OFFICE

Cnr Mark & Hoog Streets
P.O. Box 57
Vryheid,
3100

Telephone: (034-9822133)

Facsimile: (034-9808637)

MUNICIPAL MANAGER

MR. B.K. NDWANDWE

CHIEF: FINANCIAL OFFICER

MR. P.J. OOSTHUYSEN

MEMBERS OF THE AbaQulusi MUNICIPALITY

MAYOR : COUNCILLOR G M NXELE


DEPUTY MAYOR : COUNCILLOR E J S MOOLMAN (MRS)

SPEAKER : COUNCILLOR S B DLODLO

APPROVAL OF FINANCIAL STATEMENTS

The annual financial statements as set out on pages to were approved
by the Municipal Manager on..... and presented to and
approved by Council on

B NDWANDWE
MUNICIPAL MANAGER


P J OOSTHUYSEN (B.Com; A.I.M.F.O.)
CHIEF: FINANCIAL OFFICER
REGISTERED MUNICIPAL
ACCOUNTANT : ASSOCIATE

FOREWORD

Foreword

We had vigorous endeavour to curtail outstanding debts, and applied our credit control policy to extreme limits. We would have done far better but due to high levels of poverty and unemployment with lots of our consumers this bears not as much fruits as it should.

We are threatened by the imminence of the REDS and electricity income being in the verge of being forfeited as income generating service for the municipality. Therefore, though the service is still with us, we approach the year 2005/6 with caution and anticipation of what it will be like to balance our books without an income of R 50 482 533.00.

On the financial side AbaQulusi Municipality closed off with a surplus of R 453 005.00 before previous year adjustment and an accumulated income of R 5 007 397.00.

With credit control mentioned above we were able to reduce our debtors from R 30 060 366.00 to R 29 336 350.00. Different from previous financial year, this time we were strict with service cuts together with a rand for rand subsidy for incentive those who enter into contract to pay arrears in part or in full. Such people are subsidised with half of what they pay for settling the debt account.

Problems

- Water losses have dropped slightly from 68% last financial year to 64.88%.
- Electricity losses slightly dropped to 18.21% this year, from 21.44% last year.

This decrease, though minimal but is a function of huge endeavours packaged with credit control. Illegal are disconnected and others of them reconnected correctly.

In the process there are indigent people who suffer permanent cut off from services hence we welcome the free basic service and for maximum benefit to the indigent we have unfenced the FBS offer only to the indigents.

The BIOSWISS factory though started but has had various teething problems, one being the drought as well as learning curve to our producers of beans. These delays the expectable benefits and the problems are being attended to.



Councillor G M NXELE
CHAIRMAN OF THE EXECUTIVE COMMITTEE

**REPORT OF THE
AUDITORS**

REPORT OF THE AUDITOR- **GENERAL**

The financial statements for 2004/2005 summarized in this document have not been audited.

**REPORT OF THE
TREASURER**

TREASURER'S REPORT FOR THE YEAR

ENDED 30 JUNE 2005

1. OPERATING RESULTS

Details of the operating results per department, classification and object of expenditure are included in appendices D and E. The applicable statistics are shown in appendix F. The overall operating results for the year ended 30 June 2005 are as follows:

	ACTUAL 2005 R	ACTUAL 2004 R	DEVIATIONS 2005/2004 %	BUDGET 2005 R	DEVIATION ACTUAL %
Operating Income	106,098,540	100,956,674	5,09	109,682,531	(3,38)
Operating Expenses	105,645,535	96,788,965	(9,15)	108,441,373	2,65
Operating Surplus/Deficit	453,005	4,167,709	(89,13)	1,241,158	(63,50)
Opening Accumulated Surplus	5,759,576	1,520,342		5,759,576	
Appropriation for the year	(1,205,797)	71,525		0	
Inappropriate Surplus	5,006,784	5,759,576		7,000,734	

- 1.1 In the 2003/2004 financial year, Inter-Governmental Grants totaling R6,346,053 have been included in the current income, whilst in 2004/2005 Inter Governmental Grants totaling R12,018,431 have been included in the operating income. This includes an amount of R956,216 received in respect of R293 town's personnel.

The deviation of between the budgeted and actual surplus can mainly be ascribed to the following:-

- Over-expenditure on salaries and allowances of R878,263 or 1,9% of the budgeted expenditure for salaries;
- Savings in Repair and Maintenance cost of R4,161,939 or 37,97%, with a coupled reduction in amounts recharged of R3,992,488;
- Over-expenditure on contribution to fixed assets of R78,265 or 16,6%;
- Saving on other General Expenses of R2,718,302 or 4,15%;
- Income R3,583,991 or 3,27% less than budgeted.

The individual services operating results are as follows:

	ACTUAL 2005 R	BUDGETED 2004 R	DEVIATIONS 2005/2004 %	BUDGET 2005 R	DEVIATION ACTUAL %
<u>Rates and General Services</u>					
Income	51,968,118	47,565,390	9,26	50,242,471	3,43
Expenditure	53,379,865	57,929,247	7,85	53,395,386	,02
Surplus (Deficit)	(1,411,747)	-10,363,857		(31,529,915)	
<u>Housing Services</u>					
Income	53,257	53,440	,34	51,800	(2,8)
Expenditure	25,913	29,214	11,30	29,695	12,74
Surplus (Deficit)	27,344	24,226		22,105	
<u>TRADING SERVICES</u>					
<u>Electricity Services</u>					
Income	44,885,289	41,747,933	7,49	49,646,581	(9,59)
Expenditure	42,423,158	34,215,258	(23,99)	44,176,322	3,96
Surplus (Deficit)	2,462,131	7,532,675		5,470,259	
<u>Water Services</u>					
Income	9,191,876	9,431,458	(2,54)	9,741,679	(5,64)
Expenditure	9,816,599	6,616,502	(48,36)	10,839,970	9,41
Surplus (Deficit)	(624,723)	2,814,956		(109,829)	

1.2 RATES AND GENERAL SERVICES

The deviation between actual and budgeted income can amongst others be ascribed to the following:

- Burial fees R110,415 less than budgeted;
- Refuse removal fees R171,448 more than budgeted;
- Sewerage fees R97,107 more than budgeted;
- Traffic fines R192,774 more than budgeted;
- Vehicles and drivers testing R170,962 more than budgeted;
- Rentals R253,851 less than budgeted;

The deviation between actual and budgeted expenditure is only, .02% and needs not to be discussed.

1.3 HOUSING SERVICES

The deviation between actual deficit and budgeted surplus is mainly due to under-expenditure on general expenditure.

1.4 TRADING SERVICES

1.4.1.1 Electricity Services:-

The deviation between actual and budgeted income can be ascribed to the fact that less units electricity were sold. Income R6,922,042 less than budgeted.

The deviation between actual and budgeted expenditure is mainly due to:

- Over-expenditure in bulk electricity purchases of R394,469
- Over-expenditure on employment costs of R324,031
- Savings totaling R2,196,969 in respect of repairs and maintenance.
- Over-expenditure of R148,169 - Capital Ex Income (Connections);

1.4.1.2 Water Services:-

The deviation between actual and budgeted expenditure is mainly due to the following:

- Income – R549,803 less than budgeted;
- Savings – Repair and Maintenance R264,538;
- Saving on Salaries R444,778;
- Saving on General Expenditure R120,573

2. CAPITAL EXPENDITURE AND FINANCING

The expenditure on fixed assets incurred during the year amounted to R33 112 323 which is 4,57% more than the 2003/2004 financial year. The actual expenditure is 36% less than budgeted for.

2.1 The expenditure on the individual services is as follows:

	2005/2004 ACTUAL	2005/2004 BUDGETED	2004/2003 ACTUAL
	R	R	R
Rates and General	9,404,482	10,587,250	21,981,557
Electricity	3,325,493	3,160,000	2,999,541
Water	7,131,090	16,788,894	2,200,952
Direct Expenditure:			
P.I. Fund	0	0	34,989
Housing	13,251,258	21,155,410	4,446,877
TOTAL	33,112,323	51,691,554	31,663,916

Refer to Appendix "C" for more detail.

2.2 Resources used to finance the fixed assets were as follows:

	2005/2004 ACTUAL	2004/2003 ACTUAL
	R	R
Loans: Capital Development Fund	4,973,788	12,555,032
From: Income	548,215	1,980,629
Improvement Fund	0	4 481 867
Grants and Donations	27,590,320	
TOTAL	33,112,323	19,017,528

3. **EXTERNAL LOANS, INVESTMENTS AND CASH**

On 30 June 2005 the outstanding external loans amounted to R 22,543 (R2,322,543 on 30 June 2004) as set in appendix "B". During the year, external loans totaling R 2,300,000 were redeemed.

On 30 June 2005 investments and cash on hand amounted to R 47,460,769; (R 51,784,054 on 30 June 2004) an decrease of 8,35%. More information regarding external loans and investments are disclosed in notes 4; 7; 21; 22 and 23 and appendix "B". This increase in investments, include the redemption of External loans of R 2,300,000).

A provision of R 3,573,244 for a possible irrecoverable investment has been created in 2000/2001. This is in respect of a long term (5 years) investment that was made with First National Bank, where a consultant utilised to do the investment, committed fraud and a part of the investment (R2 029 326) could be recovered so far. The Council is still involved in legal actions to recover the said amount.

4. DEBTORS:-

On 30 June 2005, the total outstanding debtors amounted to R 15,599,647 (R 16,154,990 on 30 June 2004). This is the outstanding amounts after the Provision for Doubtful Debtors to the amount of R 15,928,677 was deducted from the debtors. During the 2004/2005 financial year, a total of R 598,504 in respect of bad debts was written off. This amount was debited to the Provision for Doubtful Debtors.

More information regarding debtors and long term debtors are disclosed in notes 8 and 10.

5. FUNDS AND RESERVES:-

More information regarding funds and reserves are disclosed in notes 1; 2; 3 and 11 and appendix "A".

6. SECTION 21 COMPANY:-

Council resolved on 25 January 1999 to be a member of the Munsoft 2010, 21 Section Company of which the objects are as follows:

- To enter into agreements with a software firm for the conversion of the Munpak / Munsoft packages and the development of the Munsoft 2010 system and all future revisions thereof.
- To enter into agreement with a third party for the marketing of Munsoft 2010;
- To collect and administer all monies due to the software firm for the conversion and development referred to above and remit same to the firm;
- To collect and all monies due from future sales of Munsoft 2010 and deal therewith as decided by the shareholders in terms of the law

The User group, of which Abaqulusi Municipality is a member, is the owner of the system, Munsoft 2010.

An amount of R86 874,50 was paid for the conversion and implementation of Munsoft 2010. The new developer De Loitte & Touche (CICS) will now implement a new developed system called Munsoft Classic, which system has been approved for development and implantation by the Munsoft Section21 Company Board. An amount of R599,554 has been paid towards the development of the Munsoft Classic System.

7. APPRECIATION:-

I would like to thank the Mayor, and members of the Executive Committee, other Councillors, the Municipal Manager, Executive Managers and Speaker for the support they have given me and my personnel during the year. A special word of thanks to the personnel of the Finance department for their loyalty and commitment in preparing the financial accounts of our municipality.


PJ OOSTHUYSEN
CHIEF: FINANCIAL OFFICER
REGISTERED MUNICIPAL ACCOUNTANT : ASSOCIATE

ACCOUNTING POLICIES

ACCOUNTING POLICIES

1. BASIS OF PRESENTATION

- 1.1. The financial statements have been prepared so as to conform to the standards laid down by the Institute of Municipal Treasurers and Accountants in its Code of Practice for Local Government (1997) and the Published Annual Financial Statements for Local Authorities.
- 1.2. The accounting policies are consistent with those applied in the previous year.
- 1.3. The financial statements are prepared on the historical cost basis, adjusted for capital expenditure as more fully detailed in note six.
- 1.4. The financial statements are prepared on the accrual basis :
 - Income is accrued when collectable and measurable. Certain direct income is accrued when received, such as traffic fines and certain licenses.
 - Expenditure is accrued in the year it is incurred.

2. CONSOLIDATION

The balance sheet includes Rate and General Service, Housing Service, Trading Services the different funds, reserves and provisions.

3. FIXED ASSETS

3.1. Fixed assets are stated :

- At historical cost, or
- At valuation (based on the market price at the date of acquisition), where assets have been acquired by grant or donation.
- While in existence or fit for use.

3.2. Depreciation :

The balance shown against the heading "*Loans Redeemed and other Capital Receipts*" in the notes to the balance sheet is tantamount to a provision for depreciation, however, certain structural differences do exist. By way of this "Provision" assets are written down over their estimated useful life. Apart from advances from various Council funds, assets may also be acquired through :

- Appropriations from income, where the full cost of the asset forms an immediate and direct charge against the operating income, and therefore it is unnecessary to make any further provision for depreciation.
- Grants or donations, where the amount representing the value of such grant or donation, which is equal to the asset acquired, is immediately credited to "*Loans Redeemed and Other Capital Receipts*" accounts.

3.3. All net proceeds from the sale of fixed property are credited to the Public Improvement Fund. Net proceeds from the sale of all other assets are credited to the Capital Development Fund.

3.4. Capital assets are financed from different sources, including external loans, operating income, endowments and internal advances. These loans and advances are repaid over the useful live of assets concerned. Interest is charged to the service concerned at the ruling interest rate applicable at the time that the advance is made.

4. STOCK

Stock is valued at the lower of cost, determined on the average basis, and the nett realizable value.

5. FUNDS

5.1. Capital Development Fund

The Ordinance requires a minimum contribution of 3.0 percent of the defined income. The fund is used to finance capital expenditure, and the surplus funds are invested.

5.2. Public Improvement Fund

The fund is used to finance capital expenditure, and the surplus funds are invested.

5.3. Loans Redemption Fund

Provision are made for the redemption of the fixed term external loans over the authorized periods of the loans. These provisions are credited to the fund which is fully invested.

5.4. Insurance Fund

Any asset which may not be covered by Council's Insurance, to a maximum of R55 000.00 are covered by the Insurance fund. Excess amounts, where there have not been budgeted for, are debited against the Insurance Fund. Any amount received from Council's insurance in excess of the actual claim, is credited to the insurance fund. Council yearly provide for a contribution to the insurance fund in the Operating budget.

The Chief Financial Officer is authorized to authorize and incur expenditure in accordance with the aforesaid policy guidelines.

5.5. Bursary Fund

Council grants financial assistance to a maximum amount of R4000 per year to employees only, which amount is deducted monthly, which amount can be refunded to the student should he/she pass his/her subjects for the year on certain conditions.

6. TREATMENT OF ADMINISTRATION AND OTHER OVERHEAD EXPENSES

The cost for internal support services are transferred to the different services in accordance with the Institute of Municipal Finance Officers Report or Accounting for Support Services (June 1990).

7. INVESTMENTS

Investments are shown at cost and are in securities prescribed in the Councillor's of Investment Policy.

8. PROVISIONS

Provisions are created for liabilities or contingencies which are known at the date of the balance sheet, but for which the amounts involved cannot be determined with substantial accuracy.

8.1. Provision for Doubtful Debtors :

All consumer debtors, 120 days and older are regarded as doubtful on 30 June of each year but as a result of budget constraints it is not possible to increase the provision to the level, it should be. (As a result of stricter control measures the Council succeeds in reducing the outstanding debtors).

9. INCOME RECOGNITION

9.1. Assessment Rates :

- Assessment rates are levied on land values only.
- Relief based on conditions relating to age and income was provided to the needy aged owners of property.
- Indigent consumers which land value is less than R 6 000 is except from paying rates.

9.2. Electricity & Water Billing :

Meters on all properties are read monthly and billed accordingly on a monthly basis.

10. RETIREMENT BENEFITS

Employees contribute to the KwaZulu Natal Joint Municipal Provident Fund, Natal Joint Municipal Pension (Retirement) Fund and Old Mutual Employee Benefits SALA, all of which provide retirement benefits to such employees.

The retirement benefit plan is subject to the Pension Funds Act, with pensions being calculated on the final pensionable remuneration paid. Current contributions by the Municipality are charged against operating income on the basis of current service costs.

Full actuarial valuations are performed in compliance with Section 16 of the Pension Funds Act.

11. BORROWING COSTS

The costs of borrowing are expensed in the year to which they relate.

12. SURPLUSES AND DEFICITS

Surpluses and deficits arising from the operations of the Electricity, Water and Housing Services are carried over to the Rates and General Services.

13. INDIGENT RELIEF SUPPORT RESERVE

The Indigent Relief Support Reserve has been created as a result of grants received for the specific purpose and is utilized for households who qualify for the support in terms of the Indigent Relief Support Policy.

If affordable in a specific financial year, a portion of the equitable share received is credited to this Reserve. All grants received from Provincial and National Government the purpose in previous years was credited to the reserve fund.

BALANCE SHEET

BALANCE SHEET ON 30 JUNE 2005

	Note	2005 R	2004 R
CAPITAL EMPLOYED			
FUNDS AND RESERVES:		86 794 442	88 695 259
ACCUMULATED RESERVES	1	86 997 591	87 710 406
RESERVES	2	-203 149	984 853
ACCUMULATED SURPLUS / (DEFICIT)	18	5 007 397	5 759 576
TRUST FUNDS	3	362 581	341 826
LONG TERM LIABILITIES	4	22 543	22 543
CONSUMER DEPOSITS: SERVICES	5	4 544 710	4 208 681
		96 731 673	99 127 865
EMPLOYMENT OF CAPITAL			
FIXED ASSETS	6	59 321 185	45 330 659
INVESTMENTS	7	10 171 480	4 983 698
LONG TERM DEBTORS	8	0	45 035
		69 492 665	50 359 392
NET CURRENT ASSETS		27 239 008	48 768 473
CURRENT ASSETS		52 171 272	65 687 194
Stock	9	2 849 590	2 773 683
Debtors	10	15 599 647	16 093 155
Bank Balance	23	3 050 800	8 562 997
Cash	23	5 970	5 070
Short-term Investments	7	30 659 275	38 232 289
Short-term Portion : Long Term Debtors	8	5 990	0
CURRENT LIABILITIES		24 932 264	16 898 721
Provisions	11	1 102 620	1 437 828
Creditors	12	23 829 644	13 160 893
Loans: Short term portion	4	0	2 300 000
		96 731 673	99 127 865

MUNICIPAL MANAGER


 CERTIFIED AS CORRECT
 CHIEF FINANCIAL OFFICER

INCOME STATEMENT

DETAILED INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2005

2004	2004	2004		2005	2005	2005	2005
Actual Income	Actual expenditure	Surplus (Deficit)		Actual Income	Actual expenditure	Surplus (Deficit)	Budget Surplus (Deficit)
R	R	R		R	R	R	R
50 886	75 731	(24 845)	HOUSING SERVICES	63 257	25 913	27 344	22 105
41 935	74 947	(33 012)	Municipal Housing	44 262	25 913	18 349	15 710
8 191		8 191	Bhekuzulu Housing	8 192	-	8 192	6 800
2 760	784	1 976	Bhekuzulu Hostels	2 603	-	2 803	-405
52 238 735	49 173 849	3 064 886	TRADING SERVICES	54 077 165	52 239 757	1 837 408	4 371 968
40 609 639	39 551 877	957 762	ELECTRICITY SERVICES	44 885 289	42 423 158	2 462 131	6 470 289
35 083 534	5 080 651	(5 080 651)	Electricity Admin	-	5 541 938	(5 541 938)	-5 624 458
	22 152 030	12 931 504	Vryheid Distribution	39 259 197	22 810 001	16 449 198	16 464 863
	37 083	(37 083)	Vryheid Roberts Control	-	28 592	(28 592)	-52 929
	810 874	(810 874)	Vryheid Streetlighting	-	539 674	(539 674)	-731 784
	1 277 596	(1 277 596)	Works Department	-	3 020 512	(3 020 512)	-773 490
2 000 801	5 267 374	(3 266 573)	Emondlo Distribution	2 585 455	5 270 305	(2 684 850)	-3 466 180
3 282 656	4 252 090	(969 434)	Hlobane Distribution	2 841 092	4 313 134	(1 472 042)	-1 145 745
142 648	874 179	(731 531)	Coronation	199 545	899 002	(699 457)	769 962
11 729 096	9 621 972	2 107 124	WATER SERVICES	9 191 876	9 816 599	(624 723)	-1 098 291
10 590 913	4 459 116	6 131 797	Water Distribution	6 903 863	4 624 660	2 379 213	2 576 447
	1 940 074	(1 940 074)	Vryheid Water Purification	-	2 159 066	(2 159 066)	-2 013 781
	1 212 945	(545 041)	Emondlo Water Distribution	1 445 064	1 117 061	328 003	-11 968
667 904	1 018 644	(701 207)	Hlobane	393 251	922 388	(529 137)	-912 668
317 437	730 581	(578 936)	Louwsburg	176 485	815 067	(638 582)	-733 100
151 645	79 918	(79 918)	Nkongolwane	130 946	142 720	(11 774)	-1 352
1 197	180 694	(179 497)	Coronation	140 267	135 647	4 620	-1 869
100 956 674	96 788 965	4 167 709	TOTAL	106 096 640	106 646 536	453 005	1 241 166
		71 525	Appropriation for the year (note 18)			(1 205 184)	
		4 239 234	Surplus/(Deficit) for the year			(752 179)	
		1 520 342	Accumulated surplus at the beginning of the year			5 759 576	
		5 759 576				5 007 397	

INCOME STATEMENT FOR THE YEAR ENDED ON 30 JUNE 2005

2004	2004	2004		2005	2005	2005	2005
Actual Income	Actual expenditure	Surplus / (Deficit)		Actual Income	Actual expenditure	Surplus / (Deficit)	Budget Surplus / (Deficit)
48 667 063	47 539 385	1 127 668	RATES AND GENERAL SERVICES	51 968 118	53 379 865	(1 411 747)	(3 152 916)
33 595 686	26 363 658	7 232 028	Community Services	33 824 053	28 788 168	5 035 885	4 002 718
1 647 159	10 898 499	(9 251 340)	Subsidised Services	1 653 402	11 396 531	(9 743 129)	(10 233 539)
13 424 208	10 277 228	3 146 980	Economic Services	16 490 663	13 195 166	3 295 497	3 077 906
50 886	75 731	(24 845)	HOUSING SERVICES	53 257	25 913	27 344	
52 238 735	49 173 849	3 064 886	TRADING SERVICES	54 077 165	52 239 757	1 837 408	
<u>100 956 674</u>	<u>96 788 965</u>	4 167 709	TOTAL	<u>106 098 540</u>	<u>105 645 535</u>	<u>453 005</u>	
		71 525	Appropriations for the year (Refer note 18)			(1 205 184)	
		4 239 234	Net surplus / (deficit) for the year.			(752 179)	
		<u>1 520 342</u>	Unappropriated surplus / (deficit) at beginning of the year			<u>5 759 576</u>	
		<u>5 759 576</u>	Unappropriated surplus / (deficit) at end of the year			<u>5 007 397</u>	

CASH FLOW STATEMENT

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2005

	Note	2005 R	2004 R
CASH RETAINED FROM OPERATING ACTIVITIES :		17 216 255	12 892 792
Cash generated by operations	19	3 103 388	7 271 339
Interest earned	16	2 680 576	4 577 450
(Increase)/decrease in working capital	20	11 481 448	1 404 068
		17 245 388	13 252 857
Less: External interest paid	16	-29 133	-360 065
Cash available from operations		17 216 255	12 892 792
Cash contributions from the Public and State		10 299 539	22 188 276
CASH RETAINED FROM OPERATING ACTIVITIES:		27 515 794	35 081 068
CASH UTILISED IN INVESTING ACTIVITIES :			
Investment in fixed assets	6	-33 112 323	-31 663 917
NET CASH FLOW		-5 596 529	3 417 181
CASH EFFECTS OF FINANCING ACTIVITIES :			
Increase/(decrease) in long-term loans	21	-2 300 000	-140 000
(Increase)/decrease in cash investments	22	2 385 232	1 194 130
(Increase)/decrease in bank and cash	23	5 511 297	-4 471 281
Net cash (utilised/generated)		5 596 529	-3 417 181

**NOTES TO THE
FINANCIAL STATEMENTS
APPENDICES :**

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2005

	2005 R	2004 R
1 ACCUMULATED FUNDS		
Consolidated Capital Development Fund	55 842 377	55 362 300
Public Improvement Fund	24 588 157	23 689 166
Loan Redemption Fund	5 930 097	8 230 097
Bursary Fund	-	(8 117)
Insurance Fund: General	636 960	536 960
Refer to Appendix A for more detail)	<u>86 997 591</u>	<u>87 810 406</u>
2 RESERVES		
Indigent Relief Support	(203 149)	984 853
(Refer to Appendix A for more detail)	<u>(203 149)</u>	<u>984 853</u>
3 TRUST FUNDS		
Housing Lakeside	362 581	341 826
(Refer to Appendix A for more detail)	<u>362 581</u>	<u>341 826</u>
4 LONG TERM LIABILITIES		
Stock Loans	-	2 300 000
Annuity Loans	22 543	22 543
	<u>22 543</u>	<u>2 322 543</u>
Less: Current portion transferred to current liabilities	-	(2 300 000)
(Refer to Appendix B for more detail)	<u>22 543</u>	<u>22 543</u>
5 CONSUMER DEPOSITS: SERVICES		
Electricity & Water	<u>4 644 710</u>	<u>4 208 661</u>
6 FIXED ASSETS		
Fixed assets at beginning of year	202 014 214	170 450 888
Capital expenditure during the year	33 112 323	31 663 916
Less: Assets adjusted during the year	-	(100 590)
Fixed assets at the end of the year	235 126 537	202 014 214
Less: Loans redeemed and other capital receipts	(175 805 352)	(156 683 555)
Net fixed assets	<u>59 321 185</u>	<u>45 330 659</u>
(Refer to Appendix C for more detail)		
7 INVESTMENTS		
Unlisted		
Call deposits	23 450 337	36 363 106
Short Term Deposits	7 208 938	1 869 183
Long Term	13 744 724	8 556 942
Totale beleggings / Total investments	<u>44 403 999</u>	<u>46 789 231</u>
Less: Provision irrecoverable investment	(3 573 244)	(3 573 244)
Less: Short term investments transferred to current assets	(30 659 275)	(38 232 289)
	<u>10 171 480</u>	<u>4 983 698</u>
Management's valuation of unlisted investments	<u>40 830 755</u>	<u>43 215 987</u>

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2005

	2005 R	2004 R
<p>The Local Government Transitional Act 1993 act 209 of 1993 as amended, requires Local Authorities to invest funds which are not immediately required with prescribed institutions.</p> <p>Two investments have been ceded to ESKOM for guarantees in respect of bulk electricity purchases.</p> <ol style="list-style-type: none"> 1. ABSA Bank R 1 489 830.00 Hlobane 2. ABSA Bank R 102 612.00 - Klipfontein Dam, eMondlo Dam and eMondlo Sewerage Works. 3. ABSA Bank R 214 089.00 Coronation Bio - Swiss project. 		
8 LONG TERM DEBTORS		
Kamallie Loan	-	8 997
Sale of Erven. P.I. Fund & Connections	5 990	36 038
	5 990	45 035
Less: Short Term Portion	(5 990)	(45 035)
Totaal / Total	-	-
9 STOCK	2 849 590	2 773 683
10 DEBTORS		
Consumer Debtors	29 334 350	30 060 366
Sundry Debtors	1 301 880	941 357
Other Debtors	1 107 074	747 440
Unidentified Deposits	(366 344)	(280 191)
Amounts paid in Advance	151 364	151 364
	31 528 324	31 620 336
Less: Provision for Doubtful Debtors	(15 928 677)	(15 527 181)
	15 599 647	16 093 155
11 PROVISIONS		
Audit Costs	351 034	337 010
Staff Leave Payments	751 586	1 100 818
	1 102 620	1 437 828
12 CREDITORS		
Retention	2 543 572	
Trade Creditors	9 911 265	12 395 902
Deposits Other	198 749	85 148
Debtors in advance	1 079 005	679 843
Creditors Other	10 097 053	
	23 829 644	13 160 893

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2005

13 ASSESSMENT RATES	Site Valuations	2006 R 2004/2005 RATES INCOME	2004 R 2003/2004 RATES INCOME
Residential	110 833 000	9 516 395	9 304 620
Business	62 503 500	6 939 492	6 803 283
Government	12 349 400	1 263 600	1 232 857
Donation: Sport and Welfare	1 257 000	139 367	1 460
Non-Taxable	34 098 630	-	
Agricultural	125 500	9 860	7 973
TOTALS	221 167 030	17 868 714	17 350 193

Valuations on land are performed every four years. The last general valuation came into effect on the 1 July 2003, except for Louwsburg which came into effect on 1 July 1994. The basic rates were as follows:-

	2004/2005	2003/2004
Properties on which a single dwelling is erected and used as such	0.1028	0.1003
All other properties	0.1316	0.1284
Bhekuzulu	0.0686	0.0669
Vaalbank	0.1028	0.1003
Hlobane	0.1028	0.1003
Thuthukani	0.1028	0.1003
Louwsburg	0.1028	0.1003
Mzamo	0.1028	0.1003
Edmondlo	0.0181	0.0177
The following rebates in respect of assessment rates were allowed:		
- All properties excluding those registered in the name of the State or State Departments as well as properties used as single dwelling units	15.75%	15.75%
- All erven zoned as town lands	50%	50%
- Further rebates, based on a sliding scale were granted to pensioners and the needy aged which vary between 10% rebate and 80% rebate		
Agricultural	50%	50%

Hlobane, Vaalbank & Thuthukani became rateable as from date of proclamation of a town 1 September 2000.

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2005

	2005 R	2004 R
14 COUNCILLOR'S REMUNERATION		
Speaker	217 841	202 986
Mayor's Allowance	248 260	237 003
Deputy Mayor's Allowance	217 841	202 986
Chairman Exco		
Member Exco	1 050 939	964 904
Councillor	1 676 944	1 673 684
	<u>3 411 825</u>	<u>3 281 563</u>
15 AUDITOR'S REMUNERATION		
Audit Fees Paid	<u>581 526</u>	<u>324 190</u>
16 FINANCE TRANSACTIONS		
Total external interest earned and paid:		
Interest earned	2 680 576	4 577 450
Interest paid	(29 133)	(360 065)
	<u>2 651 443</u>	<u>4 217 385</u>
17 FINANCE TRANSACTIONS		
Capital charges debited to operating account:		
Interest: External	29 133	360 065
Internal		
Redemption: External		
Internal	4 398 707	3 953 322
	<u>4 427 840</u>	<u>4 313 387</u>
18 APPROPRIATIONS		
Nett Appropriations:		
Accumulated surplus (deficit) at the beginning of this year	5 759 576	1 520 342
Operating surplus (deficit) for the year	453 005	4 167 709
Prior year adjustments:		
Payments against previous years trading transaction		
Other	(806 767)	224 089
Contributions to:	(398 417)	(152 564)
- Provision for Doubtful Debtors		
- Provision for leave payment	(398 417)	(152 564)
- Provision Audit Fees		
Reserves returned		
Assets written off (P.I Fund)		
Accumulated Surplus / Deficit at the end of the year	<u>5 007 397</u>	<u>5 759 576</u>

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2005

	2005 R	2004 R
Operating Account		
Capital Expenditure	<u>548 215</u>	<u>737 178</u>
Contributions to:		
Audit Fee Provision	595 550	340 200
Insurance Fund	100 000	100 000
Leave Payment Provision	478 100	453 000
Capital Developments Fund		
Loan Redemption Fund		
Provision for Doubtful Debtors	<u>1 000 000</u>	<u>2 634 080</u>
	<u>2 173 850</u>	<u>3 527 280</u>
19 CASH GENERATED BY OPERATIONS		
Surplus (Deficit) for the year	453 005	4 167 709
Adjustments in respect of:		
Previous year operating transactions	(807 380)	224 089
Appropriations charged against:	<u>2 721 865</u>	<u>4 264 458</u>
Capital Development Funds		
Loans Redemption Fund		
Insurance Fund	100 000	100 000
Provisions and Reserves	2 073 650	3 427 280
Fixed Assets	<u>548 215</u>	<u>737 178</u>
Capital Charges:		
Interest Paid Internal Advances	29 133	360 065
Interest Paid External Loans	4 398 707	3 953 322
Redemption Internal Advances		
Redemption External Loans		
Interest Earned (Operating Account)	(435 166)	(1 037 812)
Interest Returned to Operating Account	(1 122 705)	(1 756 438)
Non-operating Income:	271 686	797 259
- Expenditure Charged Against:		
- Provisions and Reserves other than Capital Expenditure Funding	(2 405 779)	(3 043 919)
- Non-distributable reserve other than Capital Expenditure Funding		(657 394)
	<u>3 103 366</u>	<u>7 271 339</u>
20 (INCREASE) DECREASE IN WORKING CAPITAL		
(Increase)/decrease in long term debtors	45 035	74 690
(Increase)/decrease in stock	(75 907)	(363 387)
(Increase)/decrease in debtors	487 518	(1 984 256)
Increase/(decrease) in creditors	10 668 751	3 649 697
Increase/(decrease) in consumer deposits	336 049	27 324
	<u>11 461 446</u>	<u>1 404 068</u>
21 INCREASE/(DECREASE) IN EXTERNAL LOANS		
Loans repaid	<u>(2 300 000)</u>	<u>(140 000)</u>
	<u>(2 300 000)</u>	<u>(140 000)</u>
22 (INCREASE)/DECREASE IN EXTERNAL INVESTMENTS		
Investments made	(12 614 768)	(9 222 866)
Investments realised	15 000 000	10 416 996
	<u>2 385 232</u>	<u>1 194 130</u>
23 (INCREASE)/DECREASE IN EXTERNAL CASH		
Cash balance at the beginning of the year	8 568 067	4 096 786
Less: Cash balance at the end of the year	<u>(3 056 770)</u>	<u>(8 568 067)</u>
	<u>5 511 297</u>	<u>(4 471 281)</u>

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2005

	2005 R	2004 R
24 CONSOLIDATED CAPITAL DEVELOPMENT FUND		
Accumulated fund	55 842 377	55 362 300
Less: Internal advances	(41 877 098)	(40 837 411)
Invested	<u>13 965 279</u>	<u>14 524 889</u>
25 LOAN REDEMPTION FUND		
Accumulated Funds	5 930 097	8 230 097
Less: Internal Advances	(1 004 405)	(1 286 716)
Invested	<u>4 925 692</u>	<u>6 943 381</u>
26 PUBLIC IMPROVEMENT FUND		
Accumulated Funds	24 588 157	23 689 166
Less: Internal Advances	(2 458 340)	(2 640 636)
Less: Debtors	(5 990)	
Less: Land	(8 315 606)	
Invested	<u>13 808 221</u>	<u>21 048 530</u>
27 BURSARY FUND		
Accumulated Funds		(8 117)
Less: Debtors		
Invested	<u>-</u>	<u>(8 117)</u>
28 CONTINGENT LIABILITIES AND CONTRACTUAL OBLIGATIONS		
Matters where AbaQulusi Municipality is the defendant against Plaintiff/Claimants	<u>500 000</u>	<u>500 000</u>
29 CAPITAL COMMITMENTS		
Commitments in respect of Capital Expenditure:		
- Approved and contracted for	18 800 000	
- Approve and not yet contracted for	37 950 000	
	<u>56 750 000</u>	<u>-</u>
This expenditure will be financed from:		
- Internal Sources	-	
- External Sources	56 750 000	
- Other Sources	-	
- Provincial Government	-	
	<u>56 750 000</u>	<u>-</u>

A. FUNDS, RESERVES AND PROVISIONS

APPENDIX A

FUNDS, PROVISIONS, RESERVES AND TRUST FUNDS

	Balance at 30/06/2004	Contributions during the year	Interest on Investments	Other Income	Expenditure during the year	Balance at 30/06/2005
	R	R	R	R	R	R
ACCUMULATED FUNDS						
Consolidated Capital Development Fund:						
Rates & General Capital Development Fund	28 282 562		-			28 282 562
Water Capital Development Fund	6 571 893		86 914		33 457	6 605 350
Electricity Capital Development Fund	20 507 845		893 240		446 620	20 954 465
LOAN REDEMPTION FUND	8 230 097				2 300 000	5 930 097
INSURANCE FUND	536 960	100 000				636 960
PUBLIC IMPROVEMENT FUND	23 689 166		1 278 050	263 569	642 628	24 588 157
BURSARY FUND	(8 117)			8 117		-
	87 810 406	100 000	2 238 204	271 686	3 422 705	86 997 591
RESERVES						
Indigent Relief Support	984 853				1 188 002	(203 149)
	984 853			-	1 188 002	(203 149)
PROVISIONS						
Audit Costs	337 010	595 550			581 528	351 034
Doubtful Debts (1)	15 527 181	1 000 000			598 504	15 928 677
Staff Leave	1 100 818	478 100		398 417	1 225 749	751 586
Irrecoverable Investments (3)	3 573 244					3 573 244
	20 538 253	2 073 650	-	398 417	2 405 779	20 604 541
TRUST FUNDS						
Housing Lakeside	341 826		20 756			362 581

**B. EXTERNAL LOANS AND INTERNAL
ADVANCES**

APPENDIX B

EXTERNAL LOANS AND INTERNAL ADVANCES (CONT)

	Balance at 30/06/2003	Received during the year	Redeemed or written off during the year	Balance at 30/06/2004
	R	R	R	R
EXTERNAL LOANS (CONTINUED)				
Balance (stock loans) brought forward	2 300 000		2 300 000	-
TOTAL STOCK LOANS	2 300 000		2 300 000	-
OTHER:				
OTHER EXTERNAL LOANS:				
Rates and General : (Louwsburg) R22 543	22 543			22 543
Interest free to be paid as and when Mzamo lots are sold				
Total Other External Loans	22 543			22 543
Grand Total: External Loans	2 322 543	-	2 300 000	22 543

APPENDIX B

EXTERNAL LOANS AND INTERNAL ADVANCES (CONT)

	Balance at 30/06/2004	Received during the year	Redeemed or written off during the year	Balance at 30/06/2005
	R	R	R	R
INTERNAL ADVANCES :				
CAPITAL DEVELOPMENT FUND	40 837 411	4 973 789	3 934 101	41 877 099
— Rates and General Services	29 570 704	2 489 111	2 655 576	29 404 239
— Electricity Services	5 469 863		612 275	4 857 588
— Water Services	5 796 844	2 484 678	666 250	7 615 272
PUBLIC IMPROVEMENT FUND:	2 640 636		182 296	2 458 340
— Rates and General Services	1 873 850		130 508	1 743 342
— Electricity Services	266 323		17 143	249 180
— Water Services	500 463		34 645	465 818
LOAN REDEMPTION FUND:	1 286 716		282 312	1 004 404
— Rates and General Services	438 107		163 021	275 086
— Electricity Services	848 609		119 291	729 318
	44 764 763	4 973 789	4 398 709	45 339 843

APPENDIX B

EXTERNAL LOANS AND INTERNAL ADVANCES

[illegible]

C. ANALYSIS OF FIXED ASSETS

APPENDIX C: ANALYSIS OF FIXED ASSETS

EXPENDITURE 2004	SERVICE	BUDGET 2005	BALANCE AT 30/06/2004	EXPENDITURE 2005	WRITTEN OFF TRANSFERRED OR DISPOSED OF 2005	BALANCE AT 30/06/2005
	R	R	R	R	R	R
	RATES AND GENERAL SERVICES FIXED ASSETS:					
	Airfield		187 109			187 109
	Afforestation		56 625			56 625
19 167	Cemetery		49 183			49 183
	Municipal Buildings		6 984 474			6 984 474
	Parking Areas		114 600			114 600
	Parks & Gardens		356 690			356 690
	Land & Buildings: Bhekuzulu		6 188 024			6 188 024
	Swimming Bath		363 598			363 598
	Fencing		293 642			293 642
	Agricultural Plots		21 700			21 700
	Land		672 911			672 911
774 000	Roads and Streets	3 594 250	37 915 735	902 540		38 818 275
	Stormwater Drainage		3 861 787			3 861 787
	Industrial Siding		42 025			42 025
10 215 583	Sewerage Scheme	5 000 000	22 614 422	5 732 464		28 346 886
	T.V. Antenna		11 180			11 180
	Town Planning	651 000	1 411 153	571 053		1 982 206
235 651	Sport Grounds	80 000	668 157	79 739		747 896
	Staff Housing		39 677			39 677
	Asset Lakeside		83 111			83 111
	Refuse Dump		791 235			791 235
	Parks Lakeside		38 235			38 235
	Emondlo Fencing		18 135			18 135
	Emondlo Library		1 791 535			1 791 535
	Emondlo Sportstadlum		1 548 019			1 548 019
	Parks: Development Emondlo		34 827			34 827
127 390	Recreation Facilities	200 000	521 175	96 501		617 676
	Commuter Facilities		638 378			638 378
	Emondlo Community Centre		639 767			639 767
	Emondlo Cultural Centre		169 020			169 020
	Mason Street Clinic		1 505 112			1 505 112
6 784 910	Bloswiss Project		6 784 910	511 409		7 296 319
2 035 554	Zulu Cultural village		2 035 554	358 590		2 394 144
20 192 255	SUB-TOTAL	9 525 250	98 451 705	8 252 296		106 704 001

APPENDIX C: ANALYSIS OF FIXED ASSETS

EXPENDI- TURE 2004	SERVICE	BUDGET 2005	BALANCE AT 30/06/2004	EXPENDITURE 2005	WRITTEN OFF TRANSFERRED OR DISPOSED OF 2005	BALANCE AT 30/06/2005
	R	R	R	R	R	R
	MOVEABLE ASSETS:					
920	Art & Objects		18 644			18 644
160 012	Furniture & Equipment	80 500	1 426 473	52 903		1 479 376
	Books Library		47 731			47 731
	Swimming Bath Equipment		10 670			10 670
88 943	Sundry Plant & Equipment	10 850	3 878 628	481		3 879 109
1 069 368	Data Processing		4 689 400	934 992		5 624 392
	Sport Park Equipment	37 200	5 673	23 088		28 761
	Museum Exhibits		83 810			83 810
	Vehicles		7 215 385			7 215 385
	Equipment: Testing Station		9 399			9 399
19 720	Equipment: Traffic Department	268 500	645 688	103 353		749 041
166 537	Radios	9 900	453 125	8 447		461 572
	Artisan Tools	4 000	4 134	3 025		7 159
	Office Equipment	41 300	671 623	25 897		697 520
30 787	Fire Brigade		392 514			392 514
	Security Equipment		137 582			137 582
	Civil Defence Equipment		21 792			21 792
	Emondlo Office Equipment		65 717			65 717
	Equipment Council Chamber		37 001			37 001
	Emondlo Sundry Plant		34 771			34 771
	Emondlo Radios		66 123			66 123
	Status Report Emondlo		63 812			63 812
	Hiobane Municipal Feasibility Study	1 100 000	210 238			210 238
	Vryheid Development Potential		184 188			184 188
	Emondlo Township Register		428			428
119 506	Emondlo Library Furniture		132 364			132 364
153 509	Land Use Management System		173 509			173 509
	Valuation Roll		207 553			207 553
1 789 302	Sub-Total	1 552 260	20 887 975	1 162 186		22 040 161
21 981 557	TOTAL RATES & GENERAL	11 077 500	119 339 680	9 404 482		128 744 162
	ABATTOIR SERVICE					
	Old Buildings		9 751			9 751
			9 751			9 751

APPENDIX C: ANALYSIS OF FIXED ASSETS

EXPENDITURE 2004	SERVICE	BUDGET 2005	BALANCE AT 30/06/2004	EXPENDITURE 2005	WRITTEN OFF TRANSFERRED OR DISPOSED OF 2005	BALANCE AT 30/06/2005
	R	R	R	R	R	R
	ELECTRICITY SERVICE:					
	Property & Permanent Works					
	Building		97 410			97 410
2 956 553	Mains & Service	3 310 000	29 762 172	3 246 724		33 008 896
	Railway Sidings		971			971
	Land		32 590			32 590
2 956 553	Total Property & Permanent Works	3 310 000	29 893 143	3 246 724		33 139 867
	MOVEABLE ASSETS					
	Prepaid Meters		3 178 825			3 178 825
31 047	Tools & Instruments	60 000	826 809	59 032		885 841
11 941	Plant & Equipment	6 300	1 095 689	5 000		1 100 689
	Furniture & Office Equipment	18 000	81 405	11 113		92 518
	Radios	9 000	38 187	3 624		41 811
	Street Lighting		1 364 266			1 364 266
	Vehicles		768 223			768 223
	Robots		163 740			163 740
2 999 541	Total Electricity	3 403 300	37 410 287	3 325 493		40 735 780
	WATER SERVICES					
	Property & Permanent Works					
	Storage Dams		6 759 868			6 759 868
	Purification Works		1 713 741			1 713 741
2 169 179	Mains, Pipelines & Reservoirs	14 477 644	18 213 081	7 131 090		25 344 171
	Water Meter		1 474 815			1 474 815
31 773	Plant Tools		3 523 922			3 523 922
	Klipfontein Dam		59 601			59 601
2 200 952	Total Water Services	14 477 644	31 745 028	7 131 090		38 876 118
	HOUSING SERVICE					
	Staff Housing		23 300			23 300
1 126 494	Bhekuzulu Phase 6A	9 000 000	1 550 059	6 672 951		8 223 010
3 320 383	Louwsburg Housing Scheme	12 155 410	3 620 503	6 578 307		10 198 810
4 446 877		21 155 410	5 193 862	13 251 258		18 445 120

APPENDIX C: ANALYSIS OF FIXED ASSETS

EXPENDI- TURE 2004	SERVICE	BUDGET 2005	BALANCE AT 30/06/2004	EXPENDITURE 2005	WRITTEN OFF TRANSFERRED OR DISPOSED OF 2005	BALANCE AT 30/06/2005
	R	R	R	R	R	R
	PUBLIC IMPROVEMENT FUND:					
	Land		1 940 570			1 940 570
	Deferred Charges		277			277
	Survey Costs		445 082			445 082
	Development Costs		5 447 718			5 447 718
	Industrial Sidings		29 000			29 000
	Bhekuzulu Houses		452 981			452 981
34 989			8 315 606	0	0	8 315 606
34 989						
31 663 916	TOTAL FIXED ASSETS	60 113 854	202 014 214	33 112 323	0	235 126 537

APPENDIX C: ANALYSIS OF FIXED ASSETS

SERVICE	BALANCE AT 30/06/2004	EXPENDITURE 2005	WRITTEN OFF TRANSFERRED OR DISPOSED OF 2005	BALANCE AT 30/06/2005
R	R	R	R	R
LOANS REDEEMED AND OTHER CAPITAL ASSETS				
<u>RATES AND GENERAL SERVICES</u>				
Stock Loans Redeemed	2 451 858	2 300 000		4 751 858
Loans Redeemed: External	11 201			11 201
P.I.F. Advances Redeemed	1 157 399	130 508		1 287 907
C.D.F. Advances Redeemed	15 585 885			15 585 885
Rev. Add. Advances Redeemed	881 191			881 191
Loans Redeemed Bhokuzulu	4 645 893			4 645 893
L.R.F. Advances Redeemed	3 829 671	163 021		3 992 692
Loans Repaid Ex Revenue	691 955	2 655 576		3 347 531
Contribution Ex Comp. Reserve	2 703 490			2 703 490
Contribution Ex Revenue: Bhokuzulu	1 206 499			1 206 499
Contribution Ex Revenue	7 971 291	79 948		8 051 240
Grants	40 374 059	3 361 970		43 736 029
Siding Costs Recovered	18 682			18 682
Parking Space Development	215 469			215 469
Surplus on Land Re-valuation	294 810			294 810
Ex Reserve Funds	3 723 161			3 723 161
Land Endowed	312 240			312 240
Advance Ex Revenue Lakeside	11 299			11 299
Contribution Ex D & R Fund	24 727			24 727
Contribution Emondlo Income	123 125			123 125
Emondlo Reserve Fund	0			0
N.D.R. Grants Unutilised	6 712 875		6 712 875	0
	92 946 780	8 691 024	6 712 875	94 924 929
ABATTOIR SERVICE				
Annuity Loans Redeemed	4 431			4 431
Loans Redeemed Ex Sinking Fund	5 321			5 321
TOTAL ABATTOIR SERVICE	9 752			9 752

APPENDIX C: ANALYSIS OF FIXED ASSETS

SERVICE	BALANCE AT 30/06/2004	EXPENDITURE 2005	WRITTEN OFF TRANSFERRED OR DISPOSED OF 2005	BALANCE AT 30/06/2005
R	R	R	R	R
<u>ELECTRICITY SERVICES</u>				
Stock Loans - Redeemed	3 215 000			3 215 000
Loans Fully Redeemed	566 404			566 404
P.I.F. Loans Redeemed	152 174			152 174
Other Internal Loans Redeemed	6 053 756			6 053 756
Loans Partially Repaid	845 429	802 684		1 648 113
Contribution From Revenue	6 571 983	397 634		6 969 617
Contribution From Consumers	47 341			47 341
Sinking Fund Surplus	17 930			17 930
Contribution From D & R Fund	368 069			368 069
Grants	7 984 292	1 500 000		9 484 292
Emondlo Reserve	3 889 755			3 889 755
N.D.R. Grants Unutilised	281 605		281 605	0
TOTAL	29 973 738	2 700 318	281 605	32 392 451
<u>WATER SERVICE</u>				
Stock Loans	9 897 000			9 897 000
Loans Redeemed External	9 439			9 439
Ex Reserve Fund	644 295			644 295
Annuity Loans Redeemed	206 118			206 118
Loans Fully Redeemed	337 381			337 381
Loans Ex C.D.F. Repaid	4 729 695	646 919		5 376 614
Contribution Ex D & R Fund	9 950			9 950
Contribution From Revenue	2 333 167	70 832		2 403 999
Grants and Subsidies	8 051 320	4 415 449		12 466 769
Loans Ex P.I. Fund Repaid	205 301			205 301
Water Contributions	120 918			120 918
N.D.R. Grants Unutilised	47 365		47 365	0
TOTAL	26 591 849	5 133 000	47 365	31 677 484
<u>HOUSING SERVICE</u>				
Loans Redeemed	23 300			23 300
Grants: Bhokuzulu Phase 6A	3 029 699			3 029 699
Grants: Louwsburg Housing	3 408 346	10 339 391		13 747 737
N.D.R. - Grants Unutilised	700 091		700 091	0
TOTAL	7 161 436	10 339 391	700 091	16 800 736
Total: Loans Redeemed and Other Capital Receipts	156 683 555	26 863 733	7 741 936	175 805 352
Nett Fixed Assets	45 330 659	5 947 642	-7 741 936	59 321 185

**D. ANALYSIS OF INCOME AND
EXPENDITURE**

APPENDIX D

ANALYSIS OF OPERATING INCOME AND EXPENDITURE FOR THE YEAR ENDED 30 JUNE 2005

Actual 2004		Actual 2005	Budget 2005
<u>R</u>	INCOME	<u>R</u>	<u>R</u>
6 346 053	Government and Provincial Grants	12 177 639	12 018 431
94 610 623	Income from tariffs, service charges, etc.	93 920 896	97 664 100
100 956 676		106 098 535	109 682 531
	EXPENDITURE		
37 801 991	Salaries, Wages and Allowances	46 775 803	45 897 540
59 967 960	General Expenditure	62 716 671	65 434 973
9 794 877	Repairs and Maintenance	6 798 416	10 960 355
3 953 322	Capital Charges	4 427 840	4 597 909
737 178	Contribution to fixed assets	548 215	469 950
3 527 280	Contribution	2 234 106	2 928 650
115 782 608	Gross Expenditure	123 501 051	130 289 377
-18 993 640	Less: Amounts Charged Out	-17 855 516	-21 848 004
96 788 968		105 645 535	108 441 373

E. DETAILED INCOME STATEMENT

APPENDIX E

DETAILED INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2005

2004	2004	2004		2005	2005	2005	2005
Actual Income	Actual expenditure	Surplus (Deficit)		Actual Income	Actual expenditure	Surplus (Deficit)	Budget Surplus (Deficit)
R	R	R		R	R	R	R
48 667 053	47 539 385	1 127 668	RATES AND GENERAL SERVICES	51 968 118	53 379 865	(1 411 747)	-3 152 915
33 695 686	26 383 658	7 232 028	COMMUNITY SERVICES	33 824 053	28 788 168	5 035 885	4 002 718
17 106 093		17 106 093	Assessment Rates	17 704 401	-	17 704 401	17 659 349
	1 478	(1 478)	Civil Defence	-	1 058	(1 058)	-361 454
260 349	609 899	(349 550)	Clinic	302 396	646 592	(344 196)	-370 116
3 908 077	3 067 775	840 302	Council General Expenses	4 372 611	2 241 365	2 131 446	1 225 481
	36 604	(36 604)	Data Processing	-	134 985	(134 985)	-24 858
	50 000	(50 000)	Grants	-	65 000	(65 000)	-201 000
38 540	1 367 703	(1 329 163)	Human Resources	7 135	1 499 475	(1 492 340)	-1 322 850
	137 750	(137 750)	Information	-	136 966	(136 966)	-180 702
	93 188	(93 188)	Loan Charges	-	93 188	(93 188)	-93 188
	493 790	(493 790)	Municipal Head Office	-	506 786	(506 786)	-526 172
26 250	657 202	(630 952)	Public Health	27 000	716 421	(689 421)	-647 390
86 932	2 977 026	(2 890 094)	Public Works	164 974	2 418 344	(2 253 370)	-2 996 478
	266 206	(266 206)	Security	-	254 264	(254 264)	-59 970
	171 784	(171 784)	Municipal Manager	-	564 305	(564 305)	-598 075
13 790	3 652 292	(3 638 502)	Town Engineer Works	-	5 708 520	(5 708 520)	-2 582 471
36 743	635 031	(598 288)	Engineering Services Civil	54 343	726 275	(671 932)	-841 001
	1 094 595	(1 094 595)	Town Planning	19 076	1 107 915	(1 088 837)	-1 340 984
	1 287 975	(1 287 975)	Corporate Services	-	1 283 663	(1 283 663)	-1 251 646
2 727 985	3 231 856	(503 871)	Finance	1 982 269	3 681 179	(1 698 910)	-3 076 324
481 265	3 243 505	(2 762 240)	Public Safety	759 216	3 494 797	(2 735 581)	-3 271 766
	164 879	(164 879)	Bhekuzulu Welfare Admin	-	172 939	(172 939)	-177 201
	10 035	(10 035)	Lakeside Community Hall	-	8 805	(8 805)	-10 342
	548 960	(548 960)	Emondlo Streets	-	448 178	(448 178)	-532 254
244 100		244 100	Emondlo Property Charges	249 679	-	249 679	247 743
5 923 465	509 712	5 413 753	Emondlo Administration	5 229 707	554 242	4 675 465	4 651 681
	1 151 668	(1 151 668)	Emondlo Engineering Services	-	933 552	(933 552)	-953 689
162 231	283 812	(121 581)	Hlobane Administration	172 808	167 308	5 498	-58 158
1 495	64 658	(63 163)	Louwsburg - Town Treasurer	333	79 338	(79 005)	-69 595
44 308	6 700	37 608	Louwsburg - General Expenses	47 208	6 950	40 258	-40 258
	48 717	(48 717)	Louwsburg - Civil Works	-	72 796	(72 796)	-135 218
	173 246	(173 246)	Nkongolwane - Admin	-	196 980	(196 980)	-242 047
	229 781	(229 781)	Nkongolwane - Roads	-	484 871	(484 871)	-228 752
2 534 063	95 831	2 438 232	Coronation - Admin	2 730 697	181 111	2 549 586	2 332 156

APPENDIX E

DETAILED INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2005

2004	2004	2004		2005	2005	2005	2005
Actual income	Actual expenditure	Surplus (Deficit)		Actual income	Actual expenditure	Surplus (Deficit)	Budget Surplus
R	R	R		R	R	R	R
1 647 169	10 898 489	(9 251 340)	SUBSIDISED SERVICES	1 653 402	11 398 631	(9 743 129)	-10 233 639
4 410	37 683	(33 273)	Airport	3 841	28 365	(24 524)	-38 985
104 211	208 431	(104 220)	Caravan Park	81 906	293 430	(211 524)	-112 516
72 740	632 903	(560 163)	Cecil Emmett Park	56 692	728 055	(689 363)	-649 561
183 734	783 107	(599 373)	Cemetery	154 377	916 404	(762 027)	-646 477
41 408	198 402	(198 402)	Fire Brigade	-	234 542	(234 542)	-239 443
3 667	1 125 134	(1 083 726)	Library	48 102	1 294 057	(1 247 955)	-1 240 977
61 192	207 209	(146 017)	Licences	2 143	-	2 143	3 500
16 707	82 002	(45 295)	Museum	55 000	211 110	(156 110)	-189 403
74 661	845 281	(845 281)	Grootgewacht Recreation Area	16 561	55 079	(38 518)	-63 532
10 628	193 357	(118 698)	Community Services - Parks	-	873 083	(873 083)	-824 736
1 652	626	1 027	Klipfontein Recreational Area	88 128	220 616	(132 488)	-136 773
5 004 787	(5 004 787)	-	Town Lands: Louwsburg	10 640	-	10 640	10 491
183 007	(183 007)	-	Public Halls: Louwsburg	872	145	727	-599
34 135	(8 935)	-	Development & Maintenance Parks	-	4 931 267	(4 931 267)	-5 437 466
404 517	(384 015)	-	Parks Works	-	513	(513)	0
562 299	405 312	-	Railway Sidings	25 200	36 865	(11 665)	-11 665
100	5 350	-	Swimming Bath	13 203	408 086	(394 883)	-398 361
90 636	(42 140)	-	Vehicle and Driver Testing	1 052 959	565 469	487 490	254 449
25 536	(20 644)	-	Louwsburg - Cemetery	5 726	1 817	3 909	3 632
8 700	(8 700)	-	Emondlo Cemetery	35 077	86 778	(51 701)	-32 638
290 648	(290 648)	-	Hlobane - Cemetery	3 462	3 462	(20)	-36 000
-	-	-	Louwsburg - Library	-	2 125	(2 125)	-10 332
-	-	-	Nkongolwane - Parks	1 513	264 079	(262 566)	-400 677
-	-	-	Coronation Bio Project	-	243 164	(243 164)	-33 666
13 424 208	10 277 228	3 146 980	ECONOMICAL SERVICES	16 490 663	13 195 166	3 295 497	3 077 906
4 021 279	3 471 466	549 793	Cleansing Services & Refuse	4 194 171	3 733 219	460 952	589 213
5 595 131	1 707 285	3 887 846	Sewerage Purification	-	846 547	(846 547)	-1 073 311
839 053	26 746	(26 746)	Sewerage Networks	8 223 969	4 031 483	4 192 486	4 395 270
1 017 335	245 688	593 365	Stores	-	(87 432)	87 432	56 034
1 559 683	220 105	(220 105)	Vehicle Licences	952 851	235 331	717 520	588 502
334 743	564 093	453 242	Mechanical Workshops	-	262 239	(262 239)	-406 259
56 964	1 395 950	163 733	Emondlo Refuse	1 064 030	442 216	621 814	384 502
-	963 946	(629 203)	Emondlo Sewerage Networks	1 603 444	1 673 052	(69 608)	-38 972
-	180 600	(103 616)	Hlobane Refuse and Sewer	338 361	1 214 465	(876 104)	-696 213
-	122 356	(122 356)	Louwsburg Refuse Removal	107 609	164 647	(57 038)	-114 732
-	95 655	(95 655)	Nkongolwane - Refuse	-	132 120	(132 120)	-159 628
-	131 400	(131 400)	Nkongolwane - Sewerage	-	154 601	(154 601)	-159 235
-	189 728	(189 728)	Coronation - Refuse	-	191 707	(191 707)	-178 596
-	-	-	Coronation - Sewerage	6 228	200 971	(194 743)	-108 669

F. STATISTICAL INFORMATION

APPENDIX F

STATISTICAL INFORMATION

WATER STATISTICS	2004/2005	2003/2004	2002/2003	2001/2002
Number of Consumers	13106	11 754	10 871	10 472
Kilolitres Purified	7225517	6 182 778	7 286 785	7 247 760
Kilolitres Sold (Total)	2537580	1 976 099	2 489 331	2 642 118
Kilolitres Lost in Distribution	4687937	4 206 679	4 797 454	4 605 642
% Lost in Distribution	64.88%	68.04%	65.84%	63.55%
Total Costs (Expenses)	9816 599	R 9 621 972	R 7 156 013	R 8 550 335
Cost Per Kilolitres Purified	1.359	1.556	0.982	1.180
Total Cost lost through distribution	R 6369 038.74	R 6 546 660	R 4 711 357	R 5 433 373

GENERAL STATISTICS	2004/2005	2003/2004	2002/2003	2001/2002
Population	***191022	224 546	224 546	224 546
Registered Voters	51 414	74 600	74 600	74 600
Number of Employees	469	471	396	432

** The total actual loss in distribution cannot be determined in view of the fact that eMondlo's consumers are not billed.

The difference between water purified and sold can therefore not be regarded as lost in distribution seeing that a large percentage of it has been consumed.

*** According to Stats 2000.

STATISTICAL INFORMATION..cont 2

		2004/2005	2004/2005	2004/2005	2003/2004
		Land R	Improv R	Raising R	Last Year R
A 100	Non-taxable	4 255 630.00	-	-	-
101	Rates other	51 724 000.00	184 207 100	5 735 817.95	5 625 018
102	Residential	70 311 000.00	410 142 000	7 223 694.20	7 082 943
103	Comm. Indust.	883 000.00	3 615 500	116 202.84	117 101
104	Government	11 376 400.00	688 450	1 182 674.62	1 153 915
105	Rates Monthly Residential	2 562 500.00	15 451 500	263 425.20	257 020
106	Rates Monthly Bussiness	1 454 500.00	3 931 000	161 264.52	157 343
120	Non-Taxable	9 570 300.00	5 212 000	0.00	-
121	Non-Taxable	718 500.00	26 000	0.00	-
122	Non-Taxable	8 650 100.00	83 000	0.00	-
150	Donation : sport bodies	621 500.00	2 959 500	68 907.48	67 232
151	Non-Taxable	998 500.00	8 598 000	0.00	-
152	Donation : Care of elderly	437 000.00	6 621 000	48 451.44	47 273
153	Donation : Organisations	152 500.00	379 000	16 908.12	16 497
155	Donation : Welfare organisations	46 000.00	115 000	5 100.24	-129 542
158	Non-Taxable	3 506 000.00	19 397 500	0.00	-
160	Pension rebate : 10 %	25 000.00	-	1 456.32	-
161	Pension rebate : 20 %	158 000.00	-	14 200.32	-
162	Pension rebate : 60 %	157 500.00	-	6 476.28	-
163	Pension rebate : 80 %	315 500.00	-	6 683.86	-
180	Townlands & Agricultural	63 000.00	84 500	4 145.40	4 045
190	Taxable (Special Consent)	8 079 500.00	49 380 000	897 922.79	876 377
TOTAL WARD A		176 065 930.00	740 891 050	15 783 331.58	15 275 222
B 163	Pension rebate : 80 %	84 500.00	0	1 130.40	-
191	Bhekuzulu single dwelling	12 812 500.00	50152000	878 848.07	849 282
192	Bhekuzulu state property	557 000.00	5389500	38 210.28	37 263
193	Bhekuzulu churches	231 000.00	1197500	0.00	-
194	Bhekuzulu businesses	61 500.00	124000	3 978.86	3 713
195	Bhekuzulu Special Consent	32 500.00	122000	2 595.34	2 542
196	Bhekuzulu rentals	6 620 000.00	14692500	454 587.13	462 118
197	Bhekuzulu Council's property	1 595 500.00	7194500	0.00	-
TOTAL WARD B		21 994 500.00	78872000	1 379 350.08	1 354 918
C 100	Emondlo Non-taxable	431 500.00	3 315 020	0.00	-
105	Emondlo domestic	13 688 000.00	90 794 000	247 867.50	242 383
106	Emondlo businesses	88 500.00	1 127 500	1 752.36	1 717
107	Emondlo churches	5 000.00	-	0.00	-
163	Pension rebate : 80 %	3 000.00	-	15.45	-
TOTAL WARD C		14 216 000.00	95 236 520	249 635.31	244 100
D 110	Hlobane Residential	185 500.00	1 892 000	19 069.68	18 607
111	Hlobane Business	111 500.00	3 224 000	12 362.28	12 062
113	Hlobane Exempted	4 300.00	-	0.00	-
TOTAL WARD D		301 300.00	5 116 000	31 431.96	30 669
E 125	Tutukani Residential	833 500.00	4 649 000	85 677.96	83 613
126	Tutukani Business	29 000.00	288 000	3 215.52	3 137
127	Tutukani State	15 000.00	128 000	1 974.00	1 926
128	Tutukani Exempted	64 500.00	318 000	0.00	-
TOTAL WARD E		942 000.00	5 383 000	90 867.48	88 676
F100	Vaalbank Non-taxable	2 541 400.00	-	0.00	-
115	Vaalbank Residential	534 000.00	6 275 000	54 894.36	53 557
116	Vaalbank Business	39 500.00	283 500	4 379.40	4 273
118	Vaalbank Exempted	20 000.00	-	0.00	-
TOTAL WARD F		3 134 900.00	6 558 500	59 273.76	57 830
G 100	Louwsburg Exempted	1 123 900.00	-	0.00	-
101	Louwsburg Residential	1 849 500.00	57 700	190 269.31	189 873
102	Louwsburg State	297 500.00	-	31 320.24	30 559
103	Louwsburg Churches	31 000.00	-	0.00	-
105	Louwsburg Schools	64 000.00	-	5 262.48	5 135
106	Mzamo Residential	639 500.00	-	65 735.04	65 224
107	Mzamo State	39 500.00	-	4 158.24	4 057
108	Mzamo Churches	58 500.00	-	0.00	-
110	Mzamo Non-taxable	293 000.00	-	0.00	-
161	Pension rebate : 20 %	20 500.00	-	1 685.76	-
163	Pension rebate : 80 %	33 000.00	-	678.24	-
190	Agriculture	62 500.00	-	5 714.33	3 929
TOTAL WORD G		4 512 400.00	57 700.00	304 823.64	298 777.00
GRAND TOTALS		221 167 030.00	902 114 770	17 868 713.81	17 350 192

STATISTICAL INFORMATION..cont 3

ELECTICITY		
MONTH	UNITS PURCHASED	UNITS SOLD
July	14 056 132	10 844 206
Aug	12 801 387	11 027 901
September	12 048 512	9 531 024
Oct	11 438 920	9 278 430
Nov	10 997 719	9 378 380
Dec	10 497 555	9 343 302
Jan	10 610 176	8 420 890
Feb	9 853 247	8 430 840
March	10 495 259	9 271 493
April	10 937 875	8 813 506
May	12 050 332	10 290 632
June	12 382 893	8 382 916
TOTAL	138 170 007	113 013 520

ELECRICITY STATISTICS	2004/2005	2003/2004	2002/2003	2001/2002
Number of consumers	13389	10200	10 900	10 846
Units purchased	138170007	135742031	129 852 637	138 934 169
Units sold (Total)	113013520	106634679	106 611 646	112 770 331
Units lost in distribution	25156487	29107352	23 240 991	26 163 838
% Lost in distribution	18.21%	21.44%	17.90%	18.83%
Total Cost (Expenses)	42423158	R 39 551 877	R 32 368 972	R 33 256 838
Cost per unit purchased	0.307	0.291	0.249	0.24
Total Cost lost through distribution	R 7723 945.64	R 8481 163.85	R 5787 007	R 6279 321